


Malartic
Hygrade
Gold Mines
(Canada) Ltd.

Annual Report
1976





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Malartic
Hygrade
Gold Mines
(Canada) Ltd.

Officers

J.S. Belton	President
H. Peter Jarvis	Vice-President
Hyman S. Goldstein	Secretary-Treasurer

Directors

J.S. Belton	London, England
Hyman S. Goldstein	Toronto, Canada
Gerard Lanthier	Montreal, Canada
H. Peter Jarvis	Toronto, Canada
Francisco Paesa	Geneva, Switzerland

Registrar and Transfer Agents

Guaranty Trust Company of Canada
Toronto, Ontario, and Montreal, Quebec

Auditors

Harry and Company, Chartered Accountants,
Agincourt, Ontario, Canada

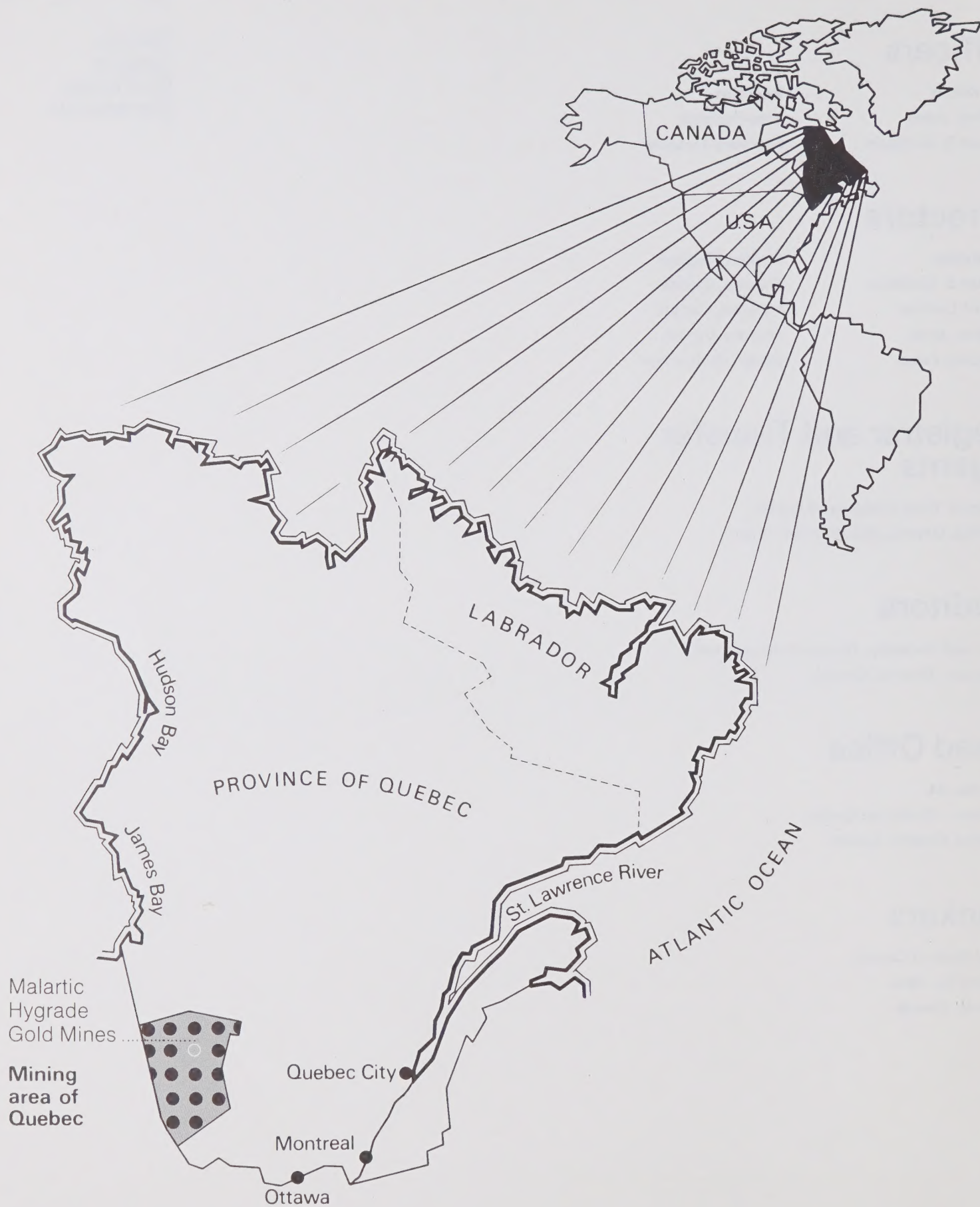
Head Office

P.O. Box 34,
Toronto — Dominion Centre,
Toronto, Ontario, Canada

Bankers

Royal Bank of Canada,
20 King St., West,
Toronto, Canada

Mining Area



To the Shareholders



Malartic
Hygrade
Gold Mines
(Canada) Ltd.

The Directors herewith submit their Annual Report for the year ending September 30, 1976, together with the audited Financial Statement for the period.

This Report includes matters of concern to the company in the period up to January 31, 1977, so that shareholders may be brought up to date as fully as possible. During the fiscal year the company, completed a diamond drilling program on its key property in Malartic Township, attaining its objectives with significant results. Confirmation of the existence of a sizeable porphyry body near the company's existing shaft in addition to the orebody mined by Camflo Mines Ltd. to our common boundary substantially strengthens the company's plan to develop this property in a two-target deep-mining program.

Although your Directors have been continuously engaged in defending your company against attacks arising from its strategic control of ore reserves, the attention of shareholders should not be diverted from the objective to bring this property into production, nor from the significant progress being made by the company's consulting engineers. This year's Mine Report is a natural sequence to the Mining Feasibility Report printed in full in last year's Annual Report, substantially adding to the technical knowledge of ore resources, actual and potential, accumulated over many years and confirmed not only by the company's own exploration activities, but also by Camflo Mines Ltd. during the course of negotiations to mine Malartic Hygrade ore and since these negotiations were terminated by your company.

As reported in our Semi-Annual report in May, 1976, Camflo estimates that an agreement permitting it to cross the common boundary could add fifteen years to the life of Camflo gold mining operations. The underground position at the boundary can be readily seen in the diagrams contained in this Report. Camflo previously offered your company a 60-40 division of profits in our favour in exchange for an agreement to mine across the common boundary, but has so far failed to agree to the safeguards against mining abuse necessary in the operational situation in which your company would

find itself. Your company has a standing proposal before Camflo containing a cancellation clause which would be exercised by your company in the event of abusive mining practice by Camflo. Agreement had been reached between the managements of both companies on all vital clauses except the one which would effectively protect the interests of Malartic Hygrade shareholders.

During the course of these negotiations, your company increased its working capital position by \$1,200,000 for the purpose of carrying out an agreement with Camflo, or, in the alternative, as a first step financing in proceeding with our own plan to develop the property. This alternative plan is moving ahead with the support of the company's engineering team led by B.L. Hodge & Partners of London, England, who have expertise in deep mining operations, in collaboration with the company's Canadian engineering consultants.

The difficulties experienced by your company are not unexpected in view of your company's previous experiences with Camflo Mines Ltd. The influence of Camflo principals is formidable and your company has grown accustomed to continuous pressures to force it into an agreement on unacceptable terms having regard to the past conduct of that company as it has sought in one way or another over the years to gain control of the Malartic Hygrade property.

Enormous pressures have also been exerted by regulatory officials in the Province of Quebec who openly attempted to coerce your company into "a deal" with Camflo which brought on a Quebec government investigation into their conduct, and caused Malartic Hygrade shareholders to agree unanimously to move the company from Quebec to the Province of Ontario and its head office from Montreal to Toronto to protect their interests.

During the course of their attack, Quebec regulatory officials suspended trading in Malartic Hygrade shares in that Province, claiming that the company failed to obtain the permission of the Quebec Securities Commission for the sale of a debenture which brought in \$1,200,000 in working

capital which the company invested in Canadian government bonds and placed on bank term deposit.

The company contended that no such permission was required by the Quebec Securities Act, and moved to Ontario where its shares were and are legally free to trade as reconfirmed by an Order of the Ontario Securities Commission following a Public Hearing in Toronto on September 30, 1975, reprinted in full in our 1976 Semi-Annual Report to shareholders.

However, the Quebec officials were not content with the outcome of this Public Hearing which they had instigated in Ontario and continued to conspire with certain officials of the Ontario Securities Commission to discredit your company and acted to maintain an illegal embargo on the trading of Malartic Hygrade shares in Ontario.

Your Directors vigorously protested this conspiratorial conduct to the Ontario Government in an 800-page Submission to the Ontario Minister of Consumer and Commercial Relations requesting that he not only investigate the conduct of officials under his jurisdiction, but also conduct an investigation into the published ore reserve figures of the Camflo mine, and the bearing of that company's situation upon the difficulties being experienced by your company at the hands of regulatory officials.

The Minister referred this company back to the OSC officials who were the subject of complaints in your company's Submission. The Company protested that this was not a proper course of action, and warned the Minister that it would result in retaliation and repudiation of the Minister's written undertaking to your company that the issues contained in our Submission could be "explored adequately" at the Hearing.

Not only did this result occur at the Hearing, which ranged over a period of almost three months terminating on January 6, 1977, but two senior officials of the Commission, Chairman Arthur Pattillo and Vice Chairman H.S. Bray, proceeded to intimidate the company's representatives at the Hearing and to interfere with proceedings contrary to a second assurance of the Minister that they would not take part to avoid charges of conflict of interest. Their deplorable conduct during the Hearing has been reported to the Minister including a physical assault by Mr. Pattillo on one of the company's solicitors outside the Hearing room on December 21, 1976.

Again officials attacked this company during

the Hearing in respect to its debenture financing of \$1,200,000 which took place as long ago as May, 1974, accusing this company of withholding the identity of the debenture holder despite all the documentation on the record and the filing of the debenture with the Guaranty Trust Company of Canada and its registration on the title of the company's properties, all constituting the full knowledge of the company about this legal transaction. The details of this debenture have been reported to our shareholders in the company's Annual Reports over the past three years, and are again reported in the Notes to the Balance Sheet of this Report.

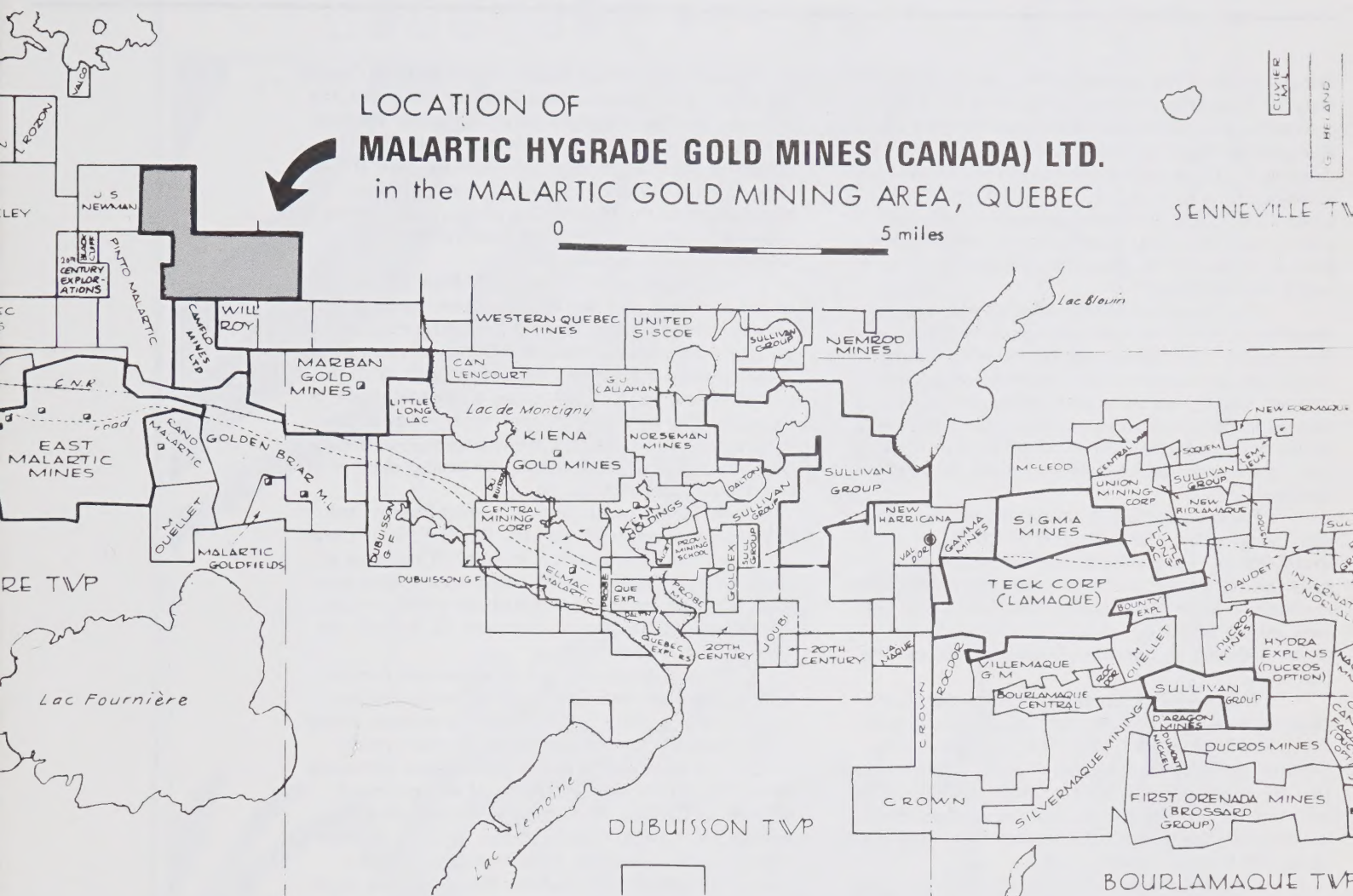
These allegations were similar to those brought forward by officials at the Public Hearing in Toronto called by the Ontario Securities Commission in July, 1975, when Commission officials failed to show up at the continuation of the Hearing on September 30, 1975, to substantiate them. The allegations were withdrawn and an order made reconfirming the legal right of Malartic Hygrade shares to trade in Ontario.

Again, similar allegations made at the Hearing which ended on January 6, 1977, were not substantiated, and no Order was made to affect the legal trading status of your shares in the Province of Ontario. The Hearing did issue an Order requiring the approval of the Commission in the event the debenture holder wished to exercise the right to convert the debenture and/or exercise the warrants for common shares of the company. Your company has protested this Order to the Ontario Government on the grounds that it retroactively infringes on the legal contractual rights of the debenture holder.

The unwarranted harrassment of this company which benefits no one except the interests of Camflo Mines Ltd. has continued since your company terminated negotiations with Camflo in June, 1974, and the special treatment handed out to this company by officials of both the Quebec and Ontario Commissions without cause or justification remains the subject of Submissions to the Ontario Government which your Directors believe must eventually intervene to uphold the legal rights of our shareholders and the right of the company to carry on its lawful business activities without harrassment, intimidation and abuse which have the sole effect of advancing the interests of one company at the expense of another.

As a result of the deplorable campaign to

Location



discredit this company, your company has also made submissions to regulatory authorities in Europe and in the United States where many shareholders are located. The company has received a letter from the Securities Exchange Commission in Washington which is reprinted in full in this Annual Report for your information.

During the course of the fiscal year, two new Canadian Directors were appointed to the Board, Dr. Gerard Lanthier of Montreal, and Mr. Hyman S. Goldstein of Toronto. My appointment as a Director was also made to take the place of Lord Willis of

London, England, who resigned. The appointments of Dr. Lanthier and Mr. Goldstein restore the Canadian content of the Board to a majority position.

J.S. Belton

On behalf of
the Board of Directors,

J.S. Belton, President

Mine Report

The potential of the company's key property in Malartic Township, Quebec, adjacent to the Camflo gold mine, was further confirmed during the year by diamond drilling in the vicinity of the company's existing shaft and surface facilities. Your Directors authorized the firm of B.L. Hodge & Partners of London, England, consulting geologists with deep mining expertise, to proceed with this drilling program as a result of its report reproduced in full in last year's Annual Report.

The objectives of this program of major importance to the company exceeded initial expectations, giving a new dimension to the overall planning to develop this property in indicating a second major "target" which may be related to the porphyry located at the southern extreme on your company's property and which has been mined by Camflo Mines Ltd. to the common boundary between the two companies.

The six borehole drilling program this year was concentrated in an area 700 to 1,600 feet west-southwest of the existing Malartic Hygrade shaft. The total footage drilled in the program was 1,996 feet in six inclined boreholes ranging from 225 to 500 feet long, with a maximum penetration below surface of about 350 feet, all boreholes having intersected the porphyry.

The results demonstrate that the porphyry body extends over an east-southeast-westnorthwest strike length of at least 1,350 feet, and previously available ground magnetometer survey data indicates that the total strike length may reach 2,000 feet. The width of the porphyry body has not yet been well defined, but the Hodge report interpolates that it is up to 500 feet wide at one point.

The report also states that the porphyry body is larger than had been expected, and its size may be compared with the 550-600 feet by 250-300 feet average dimensions of the separate Camflo porphyry. The latter porphyry body passes in depth onto the Malartic Hygrade property, and Camflo Mines Limited has mined it to the common boundary some 3,000 feet southwest of the Malartic Hygrade shaft.

The company was aware of the possible existence of the second sizeable porphyry body nearer the Malartic Hygrade shaft, and the purpose of the drilling program was to determine the size and configuration of this porphyry body at relatively shallow depth with a view to undertaking further exploration in greater depth pertaining to the gold content at a later date.

Nevertheless, attention was paid to possible gold content at shallow depth by sampling and assaying the core during the drilling program. No significant economic gold values were reported, but, by analogy with the Camflo porphyry, this was not

unexpected. The Hodge Report notes that the Camflo porphyry is barren above the 350 feet level, with the main ore bearing porphyry occurring below the 450 feet level. Although, as anticipated, no significant economic gold values were encountered, several trace and low gold values of up to 0.04 ounces per ton were proved in the Malartic porphyry, which indicate that the geochemical/geological environment is suitable for gold deposition.

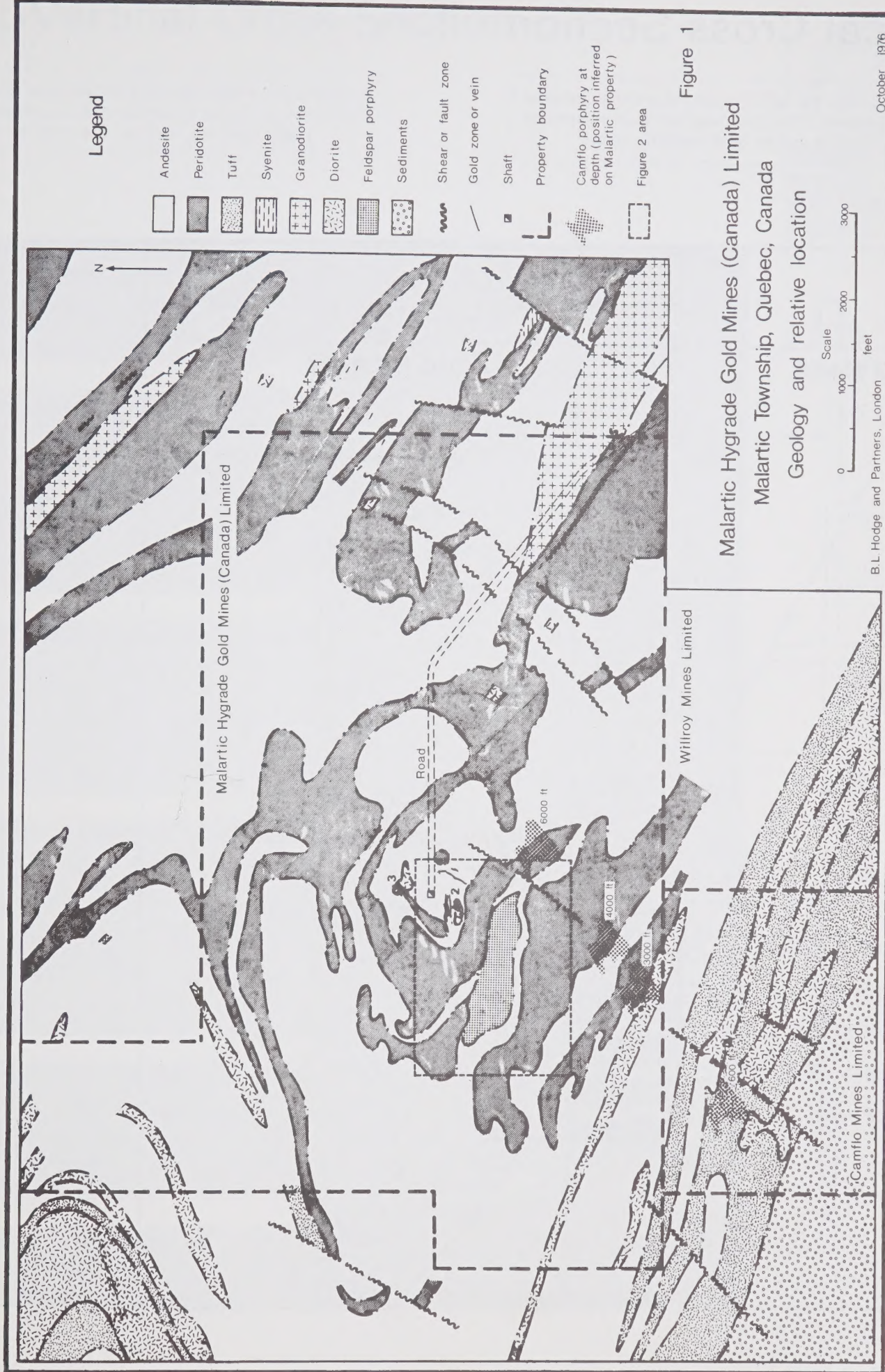
In addition, B.L. Hodge and Partners reported to the company that petrological examination and comparison of samples from the Malartic Hygrade porphyry and the Camflo porphyry clearly suggest a common origin. The latter factor, together with the proved trace and low gold values at shallow depth, is considered by the Hodge Report to enhance the prospects of the Malartic porphyry carrying significant economic gold values at depth in a similar manner to the nearby Camflo porphyry.

As noted earlier in this Annual Report, the President of Camflo Mines Ltd., Mr. G.T. Smith, was quoted in the Financial Post in April of this year as stating that if Camflo could obtain an agreement to mine the Malartic Hygrade porphyry which crosses our common boundary it could add 15 years to the lifetime of the Camflo mine.

Negotiations for such an agreement over a year long period with Camflo were terminated by your company when Camflo failed to agree to necessary safeguards against mining abuse which could arise in the mining situation in which your company could find itself under the terms of an agreement offered by Camflo. Your company has a standing proposal to Camflo dated October 1, 1973, containing a cancellation clause to be exercised by your company in the event of abuse. While agreeing to all other key clauses in our proposal, Camflo has so far refused to accept the cancellation clause and, in view of the past and present conduct of that company, your Directors have no intention of exposing your company's property to Camflo practices, historical conduct and known intentions without the safeguard we have proposed.

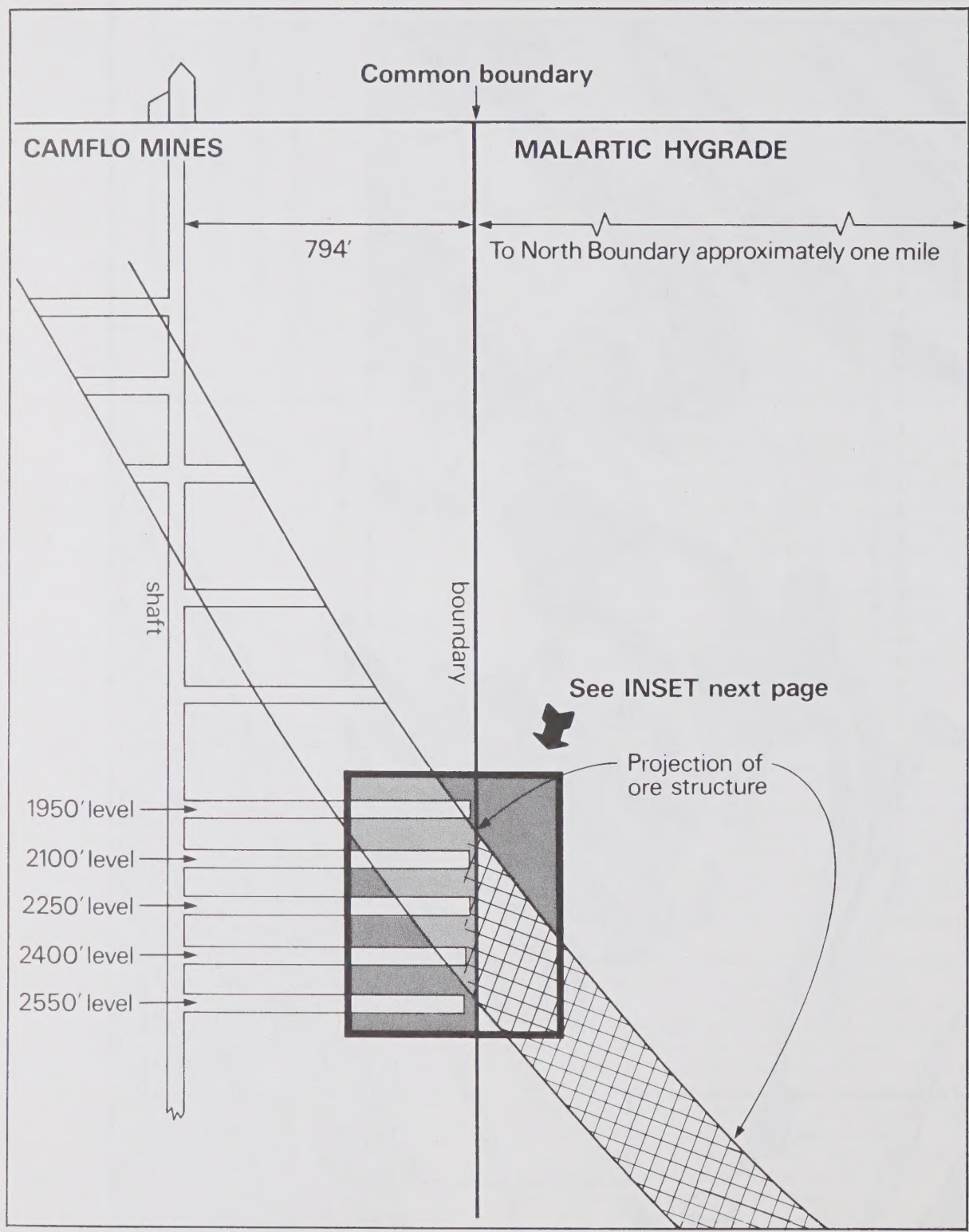
Your directors have reported on these negotiations, and contrary to rumours initiated by Camflo, there are no negotiations taking place, and will not be re-opened by your company until good faith is demonstrated by Camflo principals. Meanwhile, your directors are proceeding to place the company's own plan of development before other prospective mining/financial partners in Canada, the United Kingdom, Europe and South Africa.

In addition, your company continues to carry out modest exploration programs on its other properties in the Province of Quebec.



Vertical Cross Section

(Reproduced from the 1974 Annual Report and compiled by the Management of the Company based on information obtained by surveys and on other available data.)

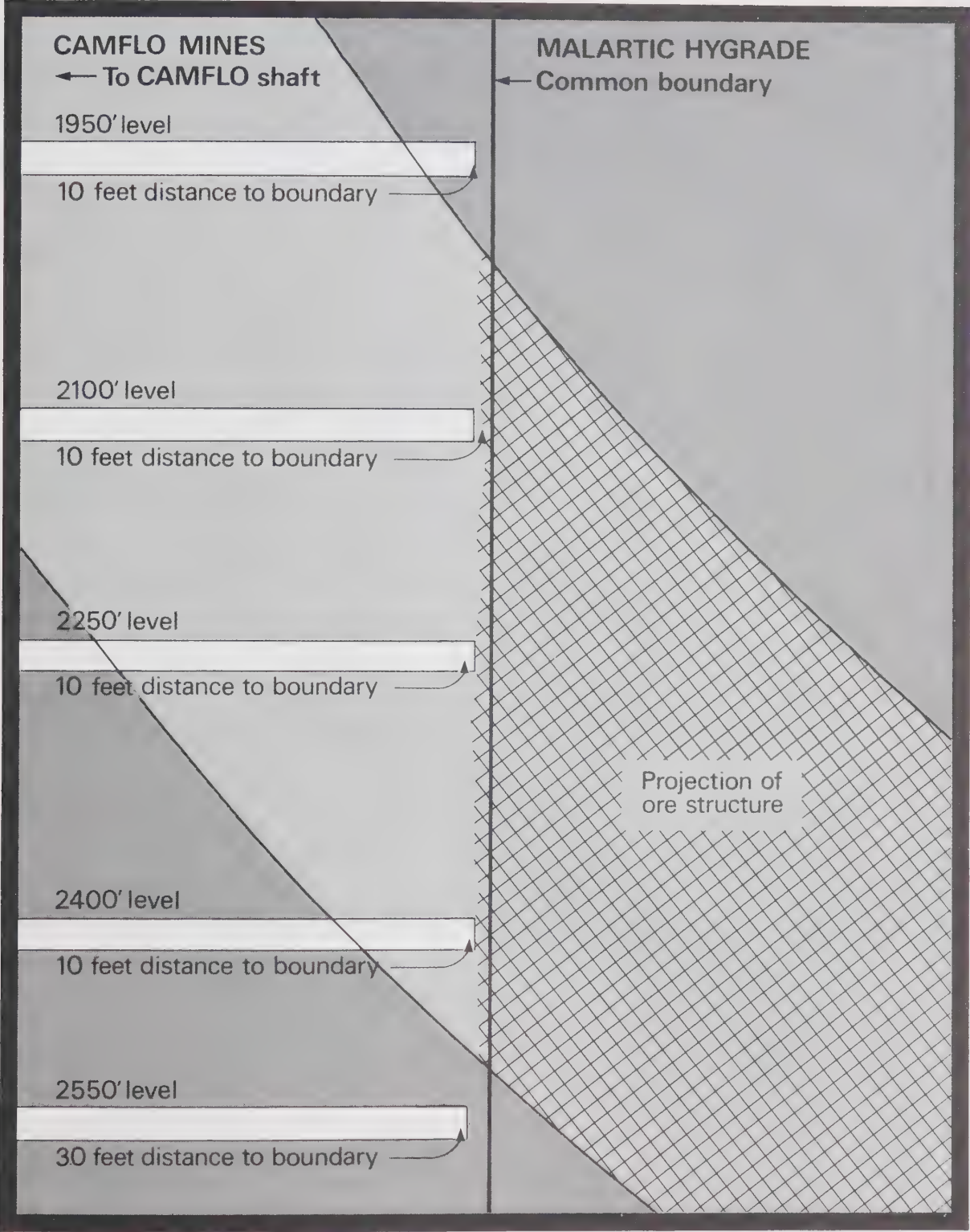


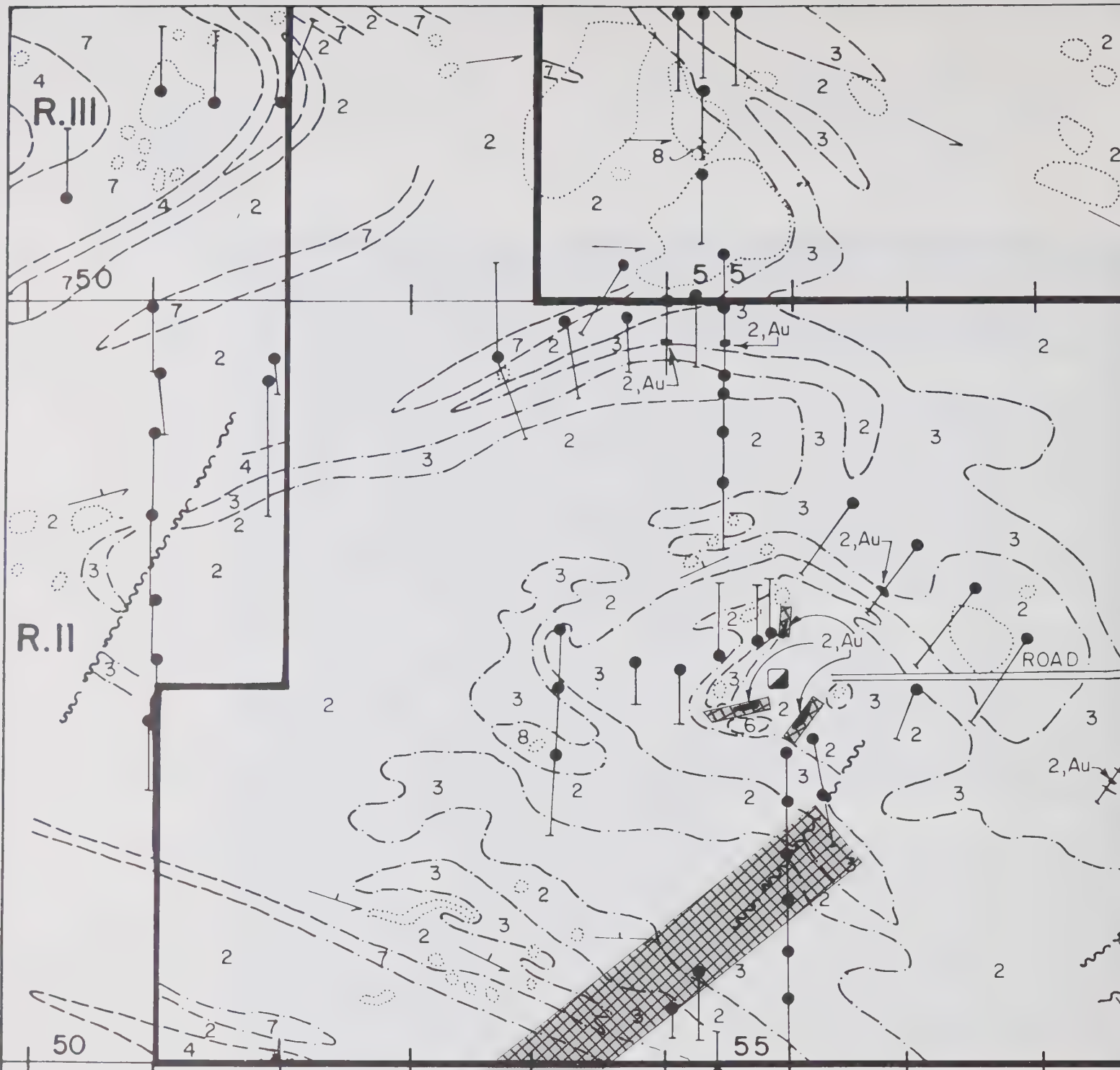
Inset-Vertical Cross Section

(Reproduced from the 1974 Annual Report and compiled by the Management of the Company based on information obtained by surveys and on other available data.)



Malartic
Hygrade
Gold Mines
(Canada) Ltd.

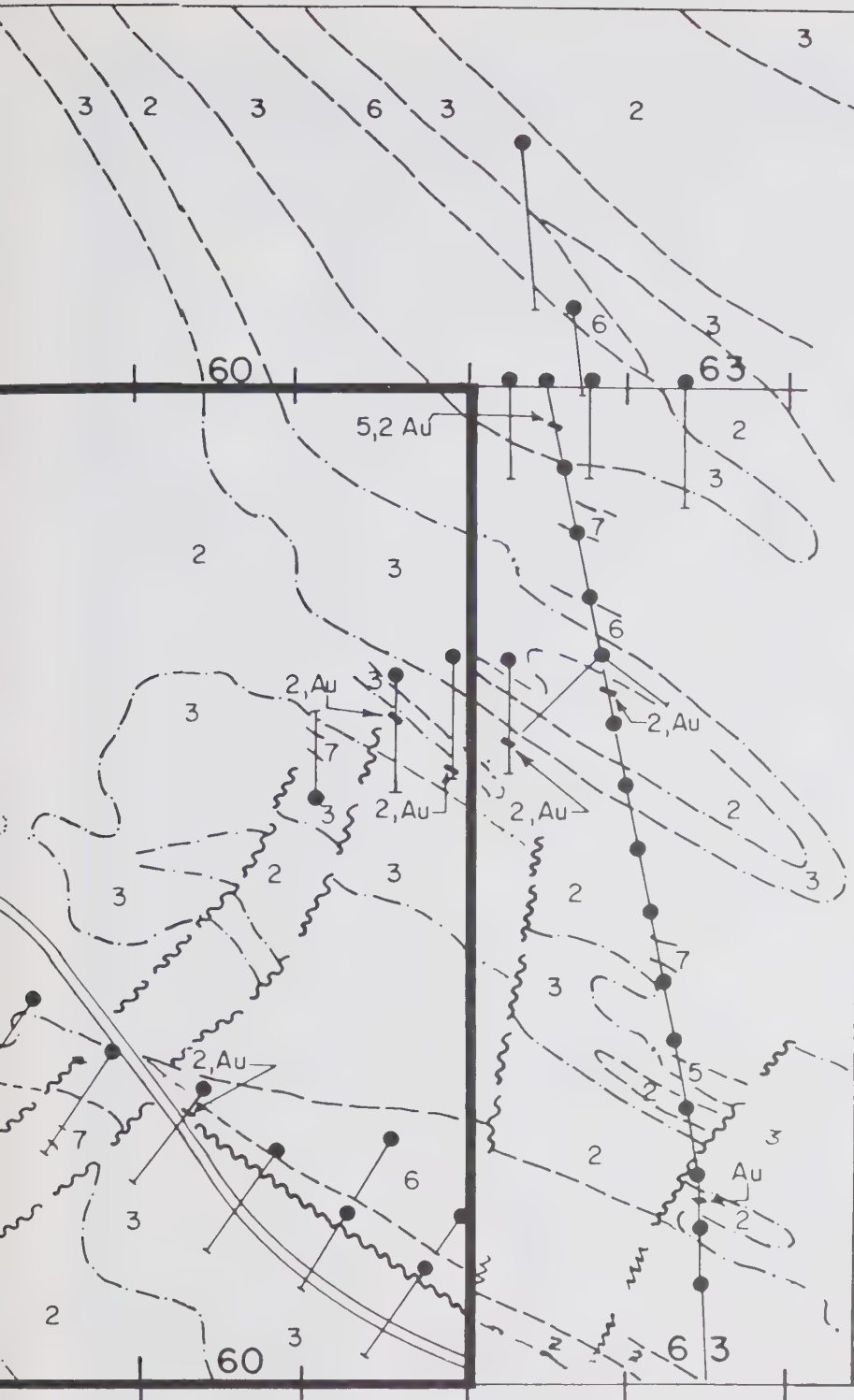




R.I

CAMFLO MINES LTD.

WILLROY MIN
(CAMFLO O



(Reproduced from the 1974 Annual Report and compiled by the Management of the Company based on information obtained by surveys and on other available data.)



Geological Map

Malartic
Hygrade
Gold Mines
(Canada) Ltd.
and
adjacent properties
in Malartic Township,
Quebec.

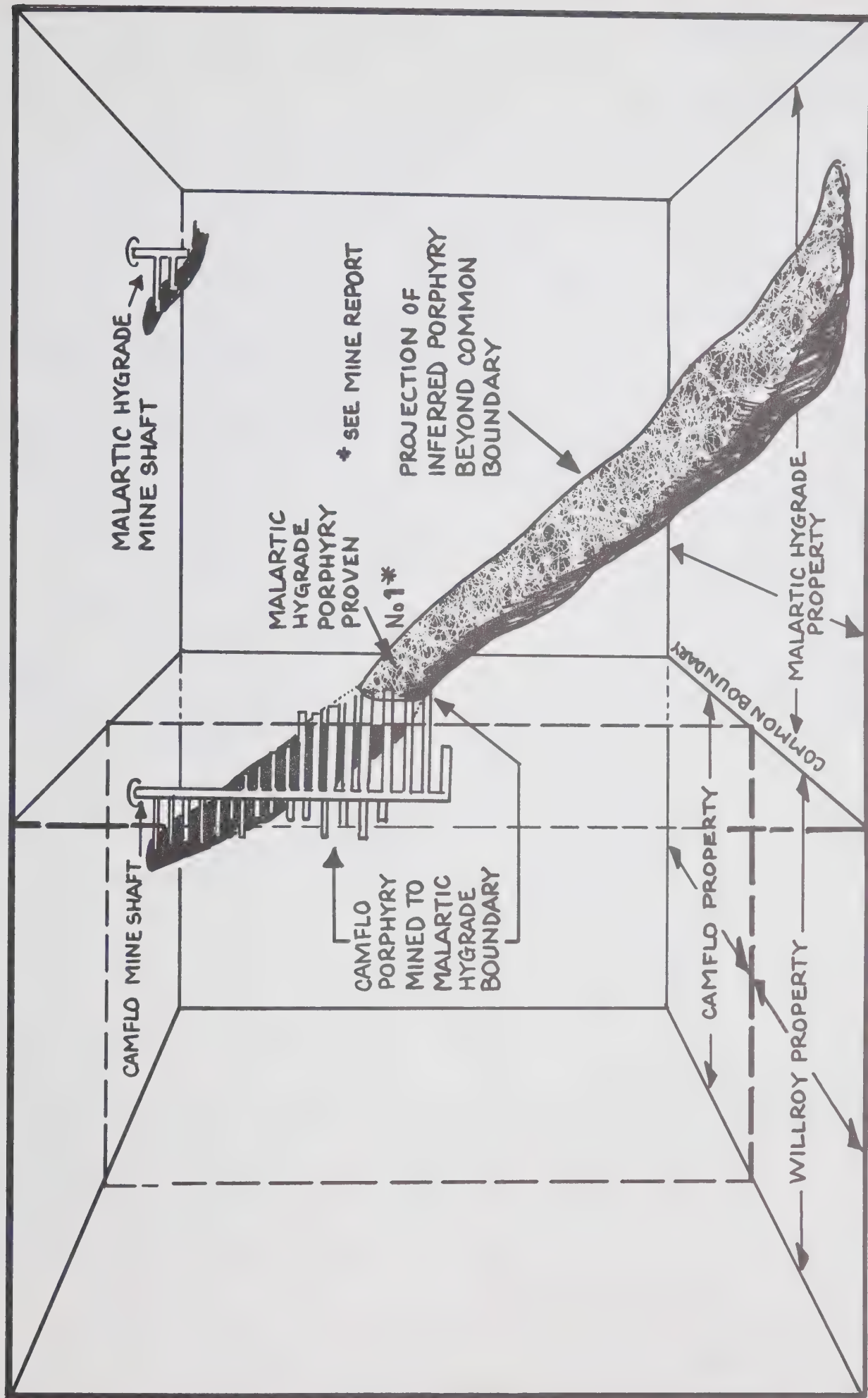


Scale in feet
Date: September 1974

Legend

- 2. Volcanic Flows — Andesite
- 3. Volcanic Flows Ultra Basic
- 4 Tuffs
- 5. Syenite
- 6 Granodiorite
- 7 Diorite
- 8 Feldspar Porphyry
- 9 Sediments
- ~~~~~ Shear or Fault Zone
- Projected Gold Zone
- Gold Zone
- Shaft
- Drill Hole
- Au Commercial Grade Gold Values

Information based on
data from Mining
Companies and Gov-
ernment Publications.



LONGITUDINAL PROJECTION LOOKING WEST (ARTIST'S IMPRESSION)

Balance Sheet

As at September 30, 1976

(With comparative data as at September 30, 1975)

Assets

	<u>1976</u>	<u>1975</u>
Current Assets		
Bank Term deposits and balances	\$ 4,575	\$ 789,079
Accounts receivable	13,011	6,505
Prepaid expenses and accrued income	<u>37,476</u>	<u>44,404</u>
	<u>\$ 55,062</u>	<u>\$ 839,988</u>
Investments (at lower of cost or market value)		
Government of Canada bonds — Note 2	<u>\$1,012,475</u>	<u>\$ 301,100</u>
Building, Machinery and Equipment — Note 10	<u>\$1,137,068</u>	<u>\$1,134,560</u>
Mining Properties and Claims (at cost)		
Malartic Township, P.Q. — Note 4	\$1,758,500	\$1,750,000
Dasserat Township, P.Q. — Note 5	1	1
Montbeillard Township, P.Q. — Note 6	1	1
Poirier Township, P.Q. — Note 7	<u>1,001</u>	<u>1,001</u>
	<u>\$1,759,503</u>	<u>\$1,751,003</u>
Deferred Expenditures — Page 17	<u>\$ 858,108</u>	<u>\$ 794,439</u>
Total Assets	<u><u>\$4,822,216</u></u>	<u><u>\$4,821,090</u></u>

Approved on behalf of the Board of Directors:

J. S. Belton, President (Signed)

Peter Jarvis, Director (Signed)



Malartic
Hygrade
Gold Mines
(Canada) Ltd.

Liabilities	<u>1976</u>	<u>1975</u>
Current Liabilities		
Accounts payable and accrued liabilities	\$ 35,215	\$ 34,089
Long Term Liabilities		
Convertible income debentures — secured — Note 8	<u>1,200,000</u>	<u>1,200,000</u>
Total Liabilities	\$1,235,215	\$1,234,089

Shareholders' Equity

Capital Stock		
Authorized:		
5,000,000 shares of no par value — aggregate issue consideration not to exceed \$15,000,000		
Capital Stock		
Issued and fully paid:		
2,841,687 shares — for consideration — Note 3	<u>3,587,001</u>	<u>3,587,001</u>
Total Liabilities and Shareholders' Equity	<u>\$4,822,216</u>	<u>\$4,821,090</u>

Auditors' Report

We have examined the balance sheet of Malartic Hygrade Gold Mines (Canada) Ltd. as at September 30, 1976 and the statements of deferred expenditures and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at September 30, 1976, the results of its operations and changes in financial position for the year then ended, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding period.

Respectfully submitted,

HARRY AND COMPANY,
Chartered Accountants

Toronto, Canada.
February 11, 1977.

Notes to the Financial Statements

As at September 30, 1976

- 1 – The company was incorporated under the laws of the Province of Ontario on February 4, 1975.
- 2 – GOVERNMENT OF CANADA BONDS
- | | <u>Par Value</u> | <u>Cost</u> | <u>Market Value</u> |
|----------------------------|--------------------|--------------------|---------------------|
| 9½% – Due February 1, 1977 | | | |
| | \$ 700,000 | \$ 708,225 | \$ 721,000 |
| 10% – Due October 1, 1995 | | | |
| | 300,000 | 304,250 | 309,000 |
| | <u>\$1,000,000</u> | <u>\$1,012,475</u> | <u>\$1,030,000</u> |
- 3 – Under the terms of an agreement dated February 28, 1975, the Corporation acquired all the assets and assumed all the liabilities of Malartic Hygrade Gold Mines (Quebec) Limited. The consideration for the purchase was the issue of 2,841,687 fully paid and non-assessable shares in the Corporation. The Directors of the Corporation have determined the value of the shares, so issued, to be \$3,587,001 allocated as follows:
- Assets acquired:
- | | |
|---|--------------------|
| Cash and cash equivalents | \$ 832,738 |
| Marketable bonds (at cost) | 301,100 |
| Building, machinery and equipment | 1,134,560 |
| Mining properties and claims | 1,751,003 |
| Deferred mine development costs | <u>780,777</u> |
| | \$4,800,178 |
| Liabilities assumed | <u>1,213,177</u> |
| Net assets acquired | <u>\$3,587,001</u> |
- 4 – The Company owns eight mining development licences (comprising sixteen claims) covering a total of 1,250 acres in Malartic Township in the Province of Quebec. These contiguous mining claims were acquired at a cost of \$1,750,000. During the year the Company purchased from a shareholder one mining development licence (comprising two claims) covering approximately 200 acres, at a cost of \$8,500.
- 5 – The Company owns two development licences in the Township of Dasserat in the County of Rouyn-Noranda, P.Q. acquired at a cost of \$1.
- 6 – The Company owns three claims in the Township of Montbeillard in the County of Rouyn-Noranda, P.Q., acquired at a cost of \$1.
- 7 – The Company owns eight mining development licences/concessions in the Township of Poirier in the County of East Abitibi, P.Q. acquired at a cost of \$1,001.

- 8 – The 9% Convertible Income Debentures are dated April 1st, 1974 and mature March 31st, 1979. The debentures are secured by a first fixed and floating charge on all present and future assets of the company. The debentures are convertible at the option of the holder into fully paid and non-assessable shares of the company on the basis of 25 of such shares for each \$100 principal amount thereof. Each \$100 principal amount of debentures also entitles the holder of such debentures to a share purchase warrant of 12.5 fully paid and non-assessable shares at \$10 each.

Interest on these debentures is payable yearly on April 1st, only if the earnings of the company (as defined in the Trust Deed) for the previous fiscal year equal at least three times the amount required to pay interest for such mentioned fiscal year. The debentures are redeemable at par, plus a premium of 7½%.

- 9 – A predecessor company has filed a writ in the Supreme Court of Ontario against Camflo Limited for damages and for an injunction preventing the defendant from trespassing on the lands of the company.

The solicitor for the company estimates that future legal fees and court costs will be approximately \$15,000.

- 10 – Buildings, Machinery and Equipment – \$1,137,068 – at cost:

These assets have been carried on the books of the corporation and its predecessor corporations since 1968 and prior on a cost to the corporation basis as set out in Note 11. An appraisal of the corporation's insurable assets performed by S. Farquharson, dated May 21, 1976, discloses the following valuations:

	<u>Present Value</u>	<u>Replacement Cost</u>
Building and equipment	\$265,000	\$442,000

No estimate is available as to the present value of the other fixed assets. Values of all the above assets are subject to the corporation's ability to utilize them in production at some future time in their present location and state of repair.

- 11 – Accounting Policy – It has been the policy of the company and its predecessors to defer the recording of depreciation on their fixed assets until such assets are utilized in production since such charges would only form a non-cash addition to deferred exploration, development and administrative expenditures.

Statement of Deferred Exploration, Development and Administrative Expenditures



Malartic
Hygrade
Gold Mines
(Canada) Ltd.

For the year ended September 30, 1976

With comparative data for the period from incorporation (February 4, 1975) to September 30, 1975

	<u>1976</u>	<u>1975</u>
Deferred Expenditures — Beginning of the period	<u>\$794,439</u>	<u>\$780,777</u>
Exploration and Development		
Malartic Twp.		
Feasibility studies	\$ 17,711	\$ 2,741
Surveying and drilling	19,631	427
Mine salary and benefits	5,340	3,025
Government fees and licences	1,238	637
Insurance and taxes	<u>7,023</u>	<u>3,399</u>
	\$ 50,943	\$ 10,229
Dasserat Twp.		
Government fees and licences	60	230
Poirier Twp.		
Government fees and licences	310	300
Montbeillard Twp.		
Government fees and licences	<u>28</u>	<u>28</u>
	<u>\$ 51,341</u>	<u>\$ 10,787</u>
Administration		
Officers' salaries and allowances	\$ 13,155	\$ 6,950
Directors' fees and expenses	7,581	3,000
Consulting fees	12,300	5,250
Travelling expenses	6,198	1,043
Legal fees	23,697	28,611
Legal — Incorporation and organization	361	13,602
Accounting and audit fees	2,807	2,100
Office rent	12,115	6,400
Office and telephone expenses	11,909	4,363
Printing and stationery	17,313	1,283
Transfer agent expenses	4,513	102
General expenses	<u>5,024</u>	<u>219</u>
	<u>\$116,973</u>	<u>\$ 72,923</u>
Total Current Expenditures	<u>\$168,314</u>	<u>\$ 83,710</u>
Less: Interest earned	\$ 96,894	\$ 60,754
Office overhead recovery	7,751	3,301
Expense recovery — accruals	<u>—</u>	<u>5,993</u>
	<u>\$104,645</u>	<u>\$ 70,048</u>
Net Current Expenditures	<u>\$ 63,669</u>	<u>\$ 13,662</u>
Deferred Expenditures — End of the period — to page 14	<u>\$858,108</u>	<u>\$794,439</u>

Statement of Changes in Financial Position

For the year ended September 30, 1976

With comparative data for the period from incorporation (February 4, 1975) to September 30, 1975

	<i>1976</i>	<i>1975</i>
Funds were expended for:		
Operations — Net current expenditures — page 17	\$ 63,669	\$ 13,662
Purchase of Government of Canada Bonds — Note 2	711,375	—
Acquisition of Malartic Township mining claims — Note 4	8,500	—
Purchase of office equipment	<u>2,508</u>	<u>—</u>
 Decrease in working capital	 \$786,052	 \$ 13,662
 Working capital — Beginning of period	 <u>805,899</u>	 <u>819,561</u>
 Working capital — End of period	 <u>\$ 19,847</u>	 <u>\$805,899</u>



SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

DIVISION OF
ENFORCEMENT

DEC 30 1976

Mr. J.S. Belton
President, Malartic Hygrade Gold
Mines (Canada) Ltd.
Box 34, Toronto Dominion Centre
Toronto, Ontario,
Canada, M5K1B7

Dear Mr. Belton:

This will acknowledge receipt of your letter of November 19, 1976 and its six volumes of enclosures, consisting of copies of a Submission to the Minister of Consumer and Commercial Affairs of the Government of Ontario, dated May 28, 1976, and the exhibits to this Submission made on behalf of Malartic Hygrade Gold Mines (Canada) Ltd. These exhibits include the Semi-Annual Report of the corporation for 1976 and the Annual Reports to Shareholders for the year ending September 30, 1975, and for the two prior years.

Your Submission to the Minister of Consumer and Commercial Affairs of the Government of Ontario appears to contain allegation of undue pressure by certain members of the staff of the Quebec Securities Commission in urging your company to enter into some contractual arrangement that would authorize Camflo Mines, Limited to extend its underground gold mining shafts now existing on an adjoining property across the boundary to mine gold-bearing ore under the land which your company has mineral rights. Also, it appears from your Submission that the Quebec Securities Commission has suspended trading in the shares of your company; that the Ontario Securities Commission, after hearing, has indicated that these shares may be traded in Ontario; but that no broker-dealer in Ontario is now making a market in this security. Examination of the National Quotation Service appears to indicate that no price quotations have been published in the United States for this security since the year 1971.

A careful study has been made of the contents of the Submission and the Semi-Annual and Annual Reports. You appreciate that it would not be appropriate for members of the staff of this Commission to express any views on the allegations contained in the Submission, a copy of which you have provided.

Your courtesy in furnishing the information you have provided is appreciated. It will be retained in the files of this Commission in order to be available to members of our staff at any time that it may be needed.

Sincerely yours,

Robert G. Ryan
Branch Chief

By:

William Taft Lesh
William Taft Lesh
Foreign Liaison Officer

